

Q50

Isanka paid Rs.1,750,000/- as capital repayment of the bank loan which was obtained to expand her business. The correct way of recording this transaction in her business's ledger accounts would be:

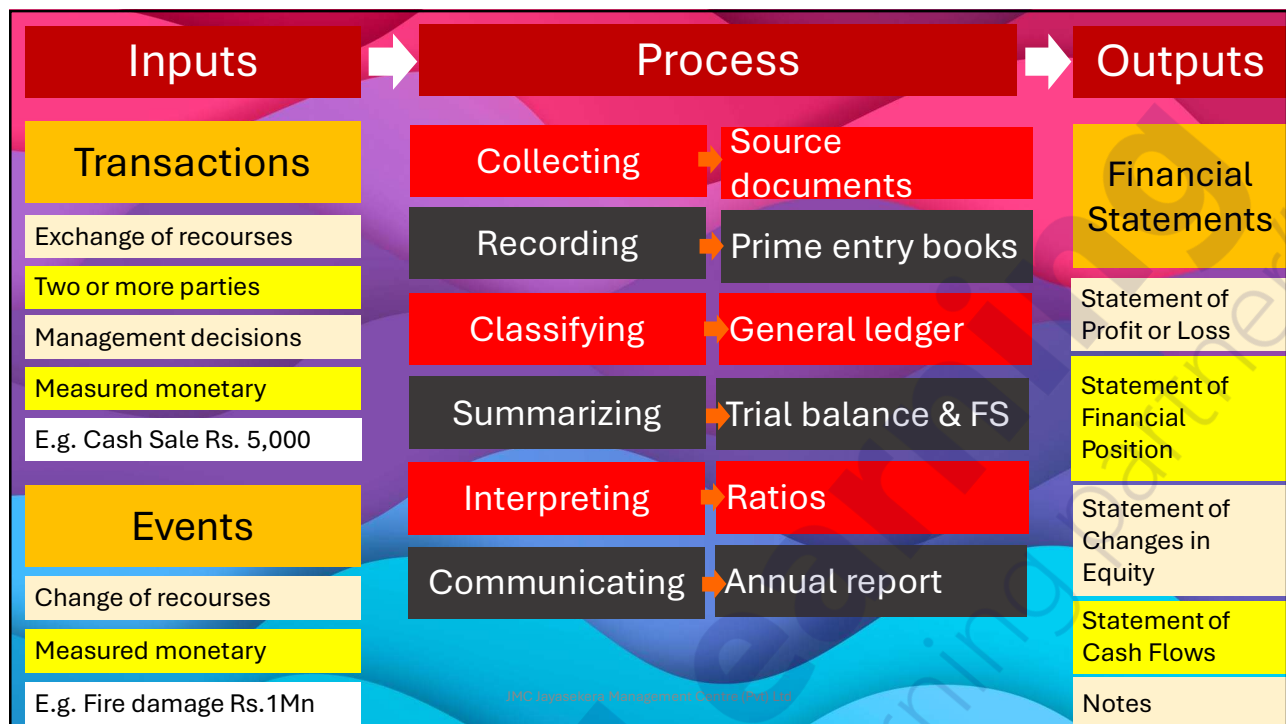
- (1) Debit Bank Account and credit Bank Loan Account.
- (2) Debit Bank Loan Account and credit Bank Account.
- (3) Debit Bank Account and credit Capital Account.
- (4) Debit Bank Loan Account and credit Capital Account.

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Accounting Process

JMC Jayasekera Management Centre (Pvt) Ltd



Source Documents

What is a Source Document?

Source document is the original paper or digital record that provides verifiable proof of business transactions. They serve as the first point of entry into the accounting system and are vital for maintaining audit trail.

- Source document is the written **evidence** to confirm that the transaction has occurred.
- It's the **supporting document** to record transactions in the prime entry books.
- It assists in **validating** the transaction.

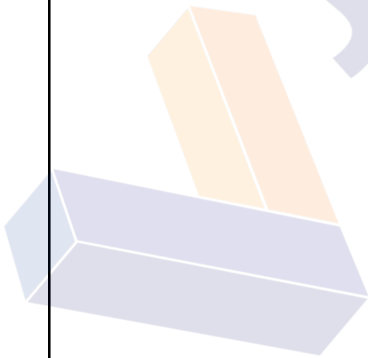
Evidence

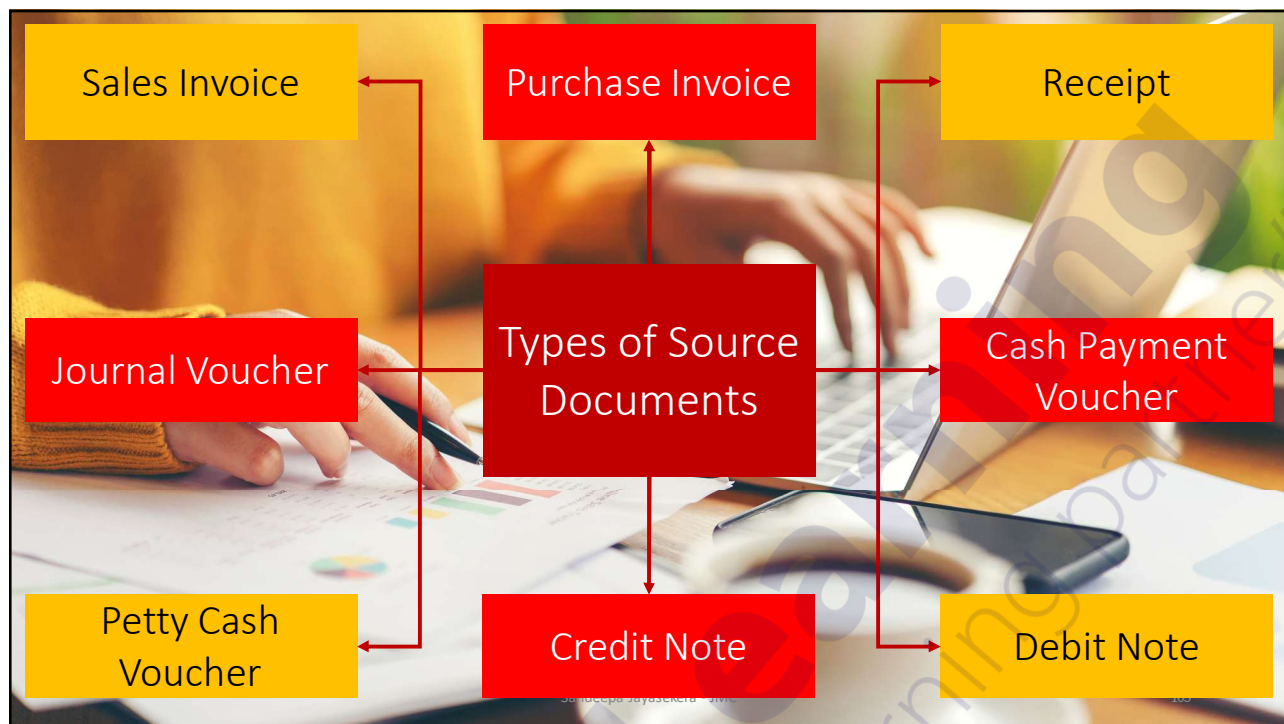
Supporting
Doc.

Validation

Q1

State two (02) types of source documents used in business entity.





Invoice

STUDIO SHODWE
CREATIVE AGENCY

INVOICE
REALLYGREATSITE.COM

Invoice to:
Ketut Susilo
123-456-7890
hello@reallygreatsite.com
123 Anywhere St., Any City

Invoice no.: 12345
25 June 2022

NO	DESCRIPTION	QTY	PRICE	TOTAL
1	Logo Design	5	\$100	\$500
2	Website Design	2	\$800	\$1600
3	Brand Design	3	\$300	\$900
4	Banner Design	2	\$300	\$600
5	Flyer Design	2	\$400	\$800
6	Social Media Template	10	\$50	\$500
7	Name Card	15	\$25	\$750
8	Web Developer	2	\$1,000	\$2,000
Sub Total:			\$7,650	
Tax 15%:			\$1,148	
GRAND TOTAL:			\$8,798	

PAYMENT METHOD: **GRAND TOTAL:**

Bank Name: Borville
Account Number: 123-456-7890

Thank you for business with us!

Term and Conditions:
Please send payment within 30 days of receiving this invoice. There will be 10% interest charge per month on late invoice.

Henrietta Mitchell
Administrator

123-456-7890 | hello@reallygreatsite.com | 123 Anywhere St., Any City

Receipt

ONLINE RECEIPT

East Repair Inc.
1912 Harvest Lane
New York, NY 12210

BILL TO
John Smith
2 Court Square
New York, NY 12210

SHIP TO
John Smith
3787 Pineview Drive
Cambridge, MA 12210

RECEIPT #
US-001

RECEIPT DATE
11/02/2019

P.O.#
2312/2019

DUE DATE
26/02/2019

Receipt Total **\$154.06**

QTY	DESCRIPTION	UNIT PRICE	AMOUNT
1	Front and rear brake cables	100.00	100.00
2	New set of pedal arms	15.00	30.00
3	Labor 3hrs	5.00	15.00
Subtotal			145.00
Sales Tax 6.25%			9.06

PAYMENT INSTRUCTION
Paypal email: receipt@gmail.com
Bank transfer: Routing (AIC): 0560120234

TERMS & CONDITIONS
Payment is due within 15 days
Please make checks payable to: East Repair Inc.

John Smith

Payment Voucher

Payment Voucher

Your Business Address:
Phone No:
Email ID:
State:
GSTIN No:

Pay to Name:
Address:

Pay By:
Payment Voucher No:
Date:

#	Description	Quantity	Unit	Price/Unit	Amount
Total					

Amount in Words:

Sub Total
Discount
Total Amount
Advance
Balance

Terms & Condition:

Seal & Signature

Petty Cash Voucher

ENTERPRISE SOLUTIONS

2847 Business Park Drive, Innovation District, CA, 94027
(415) 555-0867 | info@enterprisesolutions.com | www.enterprisesolutions.com

PETTY CASH VOUCHER

Voucher #
V-0847

Date
March 28, 2024

Paid To
Sarah Chen

Date	Item / Description	Amount (\$)
03/25/2024	Office Supplies - Pens & Paper	\$35
03/25/2024	Coffee & Refreshments	\$28
03/26/2024	Parking Fees - Client Meeting	\$15
03/26/2024	Taxi Fare - Business Trip	\$42
03/27/2024	Lunch - Team Meeting	\$65
Total Amount (\$)		\$185

Authorized By
Michael Rodriguez
Signature: _____

Prepared By
Emma Williams
Signature: _____

Date Signed
03/28/2024

Date Signed
03/28/2024

Receipt

Credit Note

Business Name :
Address :
Phone Number :

GSTIN No :
State :

Return/Credit from
Name :
Address :
Phone No :
GSTIN :
State :

Shipping From
Date :
Credit note no :
Buyers ref :

S.No	Goods Description	HSN	QTY	MRP	Amount

Bank Details
Account Name :
Account Number :
IFSC Code :

Total :
Payment Mode :
Reference No :

Payment Voucher

Debit Note

Company Name:
Address:
Phone No:
Email ID:
GSTIN:
State:

Return/Debit To:
Name:
Address:
Phone Number:
GSTIN:
State: Karnataka

Shipping To:
Name:
Address:
Return/Debit Date:
Return/Debit No:
Invoice No:

#	Item Name	HSN Code	Quantity	Unit	Price/Unit	Disc	GST	Ad. CESS	Amount
1									
2									
Total									

Amount in words: _____

Total Amount: _____

Bank Name:
Account Number:
IFSC Code:

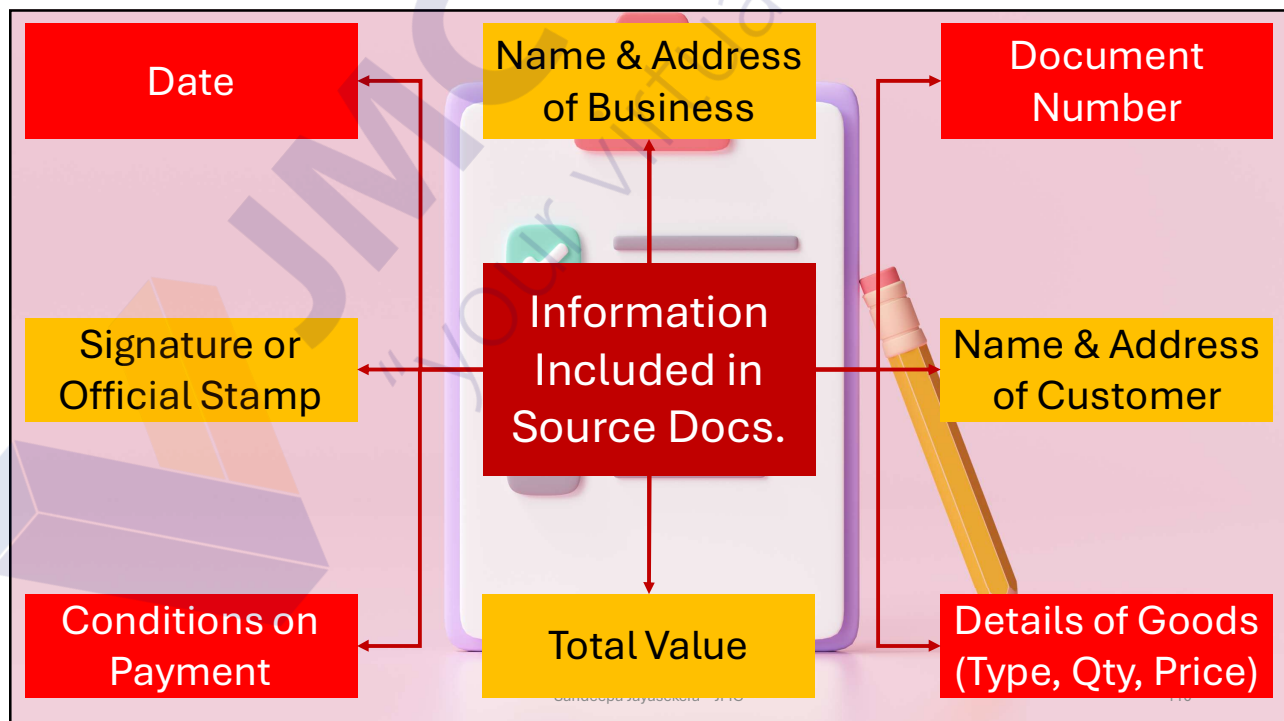
Payment Mode:
Reference No:

Company seal and Sign

JMC Jayasekera Management Centre (Pvt) Ltd

Source Doc.	Transactions
Receipt	Document issued by receiving party to paying party providing confirmation on receiving cash or cheques with a signature of an authorized officer
Payment Voucher	Document used to record cash and cheque payments
Invoice	Invoice is the document issued by seller to a buyer for a credit sale transaction. Seller considers this as a sales invoice and buyer considers this as a purchase invoice.
Debit Note	When the items are returned back to the supplier by the business the Debit Note is sent to the supplier.
Credit Note	When the items are returned by the credit customers to reduce the debtor balance a Credit note is issued by the business as the source document.
Petty Cash Voucher	This is prepared to include the information of petty cash expenses
Journal Voucher	Document used to record all the other transactions including depreciations, bad debts, fixed assets purchased on credit etc.

Source Document	Transactions	Issued By	Issued To	Prime Entry Books
Sales Invoice	Credit Sales	Seller	Buyer	Sales Journal
Purchase Invoice	Credit Purchases	Seller	Buyer	Purchase Journal
Cash Receipt	Cash Receipts	Business (Acc. or cashier)	Party from who cash received	Cash Receipts Journal
Cash Payment Voucher	Cash Payments	Business (Accountant)	Party to who cash paid	Cash Payment Journal
Credit Note	Sales Returns	Buyer	Business (Accountant)	Sales Return Journal
Debit Note	Purchase Returns	Business (Accountant)	Supplier	Purchase Return Journal
Petty Cash Voucher	Petty Cash Expenses	Petty Cashier	Various Suppliers	Petty Cash Payment Journal
Journal Voucher	Transactions other than above	Business (Accountant)	Various Parties	General Journal



Q2

List three (03) important matters that should be included in a Sales Invoice.

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Q3

“Saman Traders sold Rs.85,000/- worth of goods on credit terms to ABC Ltd.” The correct source document issued by Saman Traders to record the above transaction is:

- (1) Purchase Invoice.
- (2) Payment Voucher.
- (3) Sales Invoice.
- (4) Debit Note.

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Q4

A Debit Note is:

- (1) a document issued by the buyer to the seller, reducing the amount of goods returned due to some reasons.
- (2) a document issued by the seller to the buyer, deducting the amount the buyer owes to the seller under the terms of an earlier invoice.
- (3) a document which can be used as a proof for a monetary transaction occurred between two parties.
- (4) a document which is issued by a responsible person in the business to prove that the entity has received money.

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Q5

The source document which is used by a buyer to return the goods purchased on credit is:

- (1) Credit Note.
- (2) Purchase Invoice.
- (3) Purchase Order.
- (4) Debit Note.

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Q6

Select the correct source document used by the buyer to return the goods purchased on credit to the supplier:

- (1) Debit Note.
- (2) Credit Note.
- (3) Purchase Order.
- (4) Journal Voucher.

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Q7

State whether following statement is True or False

- 1. A credit note is an example for a source document of a business entity
- 2. The source document which is used to record purchase of Property, Plant and Equipment on credit is purchase invoice.

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Q8

Identify the relevant source document used for the following transactions:

1. A purchase of a computer of Rs.200,000/- for office use on credit.
2. A sale of goods of Rs.600,000/- on credit to **ABC Ltd.**
3. Purchased stationery worth of Rs.15,000/- in cash.
4. Stocks of Rs.400,000/- purchased on credit were returned to supplier due to poor quality.
5. Sold Rs.20,000/- worth items to ABC Ltd. on credit basis.
6. Purchased a photocopier for Rs.400,000/- from PQRS Ltd. for office use on credit basis.

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Q9

Identify the relevant “Source Document” used to record for each of the following transactions of ABC Traders:

- (a) Items of Rs.465,000/- purchased by a customer on credit basis were returned due to poor quality.
- (b) Purchased a lorry for Rs.2,500,000/- on credit basis for delivery of goods of the business.
- (c) Received Rs.25,000/- from a trade debtor.

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Q10

State the source document applicable to the following prime entry books.

Prime entry book	Source document
A. Sales Journal	
B. General Journal	
C. Cash Payments Journal	
D. Purchase Returns Journal	

Q11

Bimal started a business on 01.04.20X2 using his personal savings Rs. 500,000 and his motor vehicle worth Rs. 2,000,000. During the first month of operations, the business purchased goods for Rs. 300,000 on credit, of which Rs. 50,000 worth of items were returned due to defects. The order of source documents to record these transactions is:

- (1) Journal Voucher, Invoice, Debit Note.
- (2) Journal Voucher, Invoice, Credit Note.
- (3) Receipt, Invoice, Credit Note.
- (4) Vehicle Registration Book, Invoice, Credit Note.
- (5) Vehicle Registration Book, Invoice, Debit Note.

Q12

Amal Ltd., sold goods for Rs. 600,000 on credit to Sunimal Traders on 15.03.20X2. Sunimal Traders returned goods with an invoice value of Rs. 75,000 due to defects. Sunimal Traders issued a cheque on 31.03.20X2 to settle the full amount due to Amal Ltd.

The source documents used to record all of the above-mentioned transactions in the books of Amal Ltd. in the order of their occurrence:

- (1) Invoice, Debit Note, Receipt
- (2) Invoice, Credit Note, Receipt
- (3) Invoice, Debit Note, Deposit Slip
- (4) Invoice, Credit Note, Payment Voucher
- (5) Journal Voucher, Credit Note, Receipt

Q13

Chandra retail business was commenced on 01.01.20X4.

1. Sold goods costing Rs. 320,000 for Rs. 400,000 for cash.
2. Sold goods costing Rs. 400,000 to Bimal for Rs. 500,000 on credit
3. Returned goods sold to Bimal for Rs. 100,000. The cost of these goods was Rs. 80,000

The source documents used to record the transactions of Chandra business in the order of their occurrence:

- (1) Receipt, Invoice, Debit Note
- (2) Receipt, Invoice, Credit Note
- (3) Deposit Slip, Invoice, Debit Note
- (4) Deposit Slip, Invoice, Credit Note
- (5) Receipt, Invoice, Journal Voucher

Q14

Kumara sold goods with a list price of Rs. 100,000 on credit to Amal on 10.03.20X7 after allowing a 10% trade discount. The cost of these goods was Rs. 60,000. Goods with a sales value of Rs. 30,000 (cost Rs. 20,000) was returned by Amal on 15.03.20X7. Amal settled the balance due on 31.03.20X7 after receiving a 5% cash discount.

The sequence of source documents used to record these transactions in Kumara's business:

- 1) Invoice, Debit Note, Receipt
- 2) Invoice, Credit Note, Receipt
- 3) Invoice, Journal Voucher, Receipt
- 4) Invoice, Debit Note, Journal Voucher
- 5) Invoice, Credit Note, Journal Voucher

Q15

The following transactions took place in Nihal's business.

- 01.03.20X8 – Purchase of goods costing Rs. 150,000 from Upasena on credit
- 05.03.20X8 – Return of goods costing Rs. 30,000 to Upasena
- 20.03.20X8 – Sale of goods costing Rs. 100,000 for Rs. 160,000 on credit
- 20.03.20X8 – Payment of sales commission of Rs. 10,000
- 02.04.20X8 – Settlement of the full amount due to Upasena

The source documents used to record transactions with Upasena in the books of Nihal's business in the order of their occurrence:

1. Invoice, Credit Note, Payment Voucher
2. Invoice, Debit Note, Payment Voucher
3. Invoice, Debit Note, Journal Voucher
4. Invoice, Credit Note, Journal Voucher
5. Invoice, Journal Voucher, Payment Voucher

Q16

Dingalika Traders purchased goods for Rs. 40,000 on credit Samayan Traders. Out of these goods, goods at value Rs. 20,000 were returned to Samayan Traders. 50% of remaining goods were sold for Rs. 30,000 to Amila business. Rs. 28,000 was received in cash from Amila business from the receivables and the remaining receivable amount was written off as bad debt.

Decide the correct order of source documents for the above transactions.

Q17

Mihiri commenced a trading business on 01.01.20X3 by investing Rs. 500,000 in cash and furniture worth of Rs. 400,000. The following transaction took place during the month of January 20X3

TXN No.	Date	Transaction
1	05/01	Purchased goods costing Rs. 400,000 on credit from Deshan.
2	08/01	Returned Rs. 30,000 goods purchased from Deshan Traders.
3	15/01	Sold goods costing Rs. 250,000 for Rs. 300,000 on cash
4	22/01	Sold goods costing Rs. 100,000 for Rs. 128,000 on credit
5	25/01	Issued a cheque to settle the amount payable to Deshan Traders.

What are the source documents used to record the transactions no. 1, 2 and 3 in the books of Mihiri's business in the order of their occurrence?

- (1) Invoice, Debit note, Invoice
- (2) Invoice, Credit note, Invoice
- (3) Invoice, Debit note, Receipt
- (4) Payment voucher, Credit note, Receipt
- (5) Payment voucher, Journal Voucher, Receipt

Other Source Documents			
Material Requisition Note	Purchase Requisition Note	Purchase Order	Goods Received Note
Document issued by the division which require the materials to the warehouse requesting to get the materials.	Warehouse division prepares this document including the details of materials required and send to the purchase division	Document send to a supplier by the purchase ordering the items. This include type, quantity, agreed price, required date and conditions	Document issued by warehouse to supplier, at the time of receiving items confirming that the goods were received. This is used to compare with purchase order to check whether purchased items have been received. This used as source document to record receipt of goods in stores ledger.

Q18

Perera who is a newly appointed storekeeper of Zeena Traders noticed that some stock items are not available in the stores. Which one of the following source document is used by Perera to make the request to purchase department for obtaining required stock items?

- (1) Purchase Order (PO).
- (2) Journal Voucher (JV).
- (3) Goods Received Note (GRN).
- (4) Material Requisition Note (MRN).

Q19

The document which is used to record receipts of goods by stores is:

- (1) Purchase Order (PO).
- (2) Purchase Requisition Note (PRN).
- (3) Goods Received Note (GRN).
- (4) Material Requisition Note (MRN).

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Q20

Which one of the following source document is raised by the storekeeper to record the goods received from suppliers?

- (1) Sales Invoice.
- (2) Goods Received Note (GRN).
- (3) Purchase Order (PO).
- (4) Payment Voucher.

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Q21

Select the correct source document, prepared by a purchaser incorporating details of goods required to buy such as type, quantity, agreed price, required date and other terms & conditions

- (1) Payment Voucher (PV).
- (2) Purchase Order (PO).
- (3) Good Received Note (GRN).
- (4) Material Requisition Note (MRN).

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Prime Entry Books

JMC Jayasekera Management Centre (Pvt) Ltd

Prime Entry Books/Day Books/Journals

ONLINE RECEIPT

East Region Inc.
1910 Main Street
New York, NY 10018

BILL TO
John Smith
200 Main Street
New York, NY 10018

SHIP TO
John Smith
200 Main Street
Cambridge, MA 02142

RECEIPT # US-001
RECEIPT DATE 11/02/2019
P.O.# 20000000
DUE DATE 20/02/2019

Receipt Total **\$154.06**

QTY	DESCRIPTION	UNIT PRICE	AMOUNT
1	Food and non-food items	100.00	100.00
2	Household appliances	15.00	30.00
3	Labor Day	5.00	15.00
	SUBTOTAL		145.00
	Sales Tax 6.00%		9.06

PAYMENT INSTRUCTIONS
Please email: info@eastregion.com
Bank transfer: info@eastregion.com

TERMS & CONDITIONS
Payment is due within 10 days.
Please make checks payable to: East Region Inc.

John Smith



Recorded



Source
Document

Prime Entry
Books

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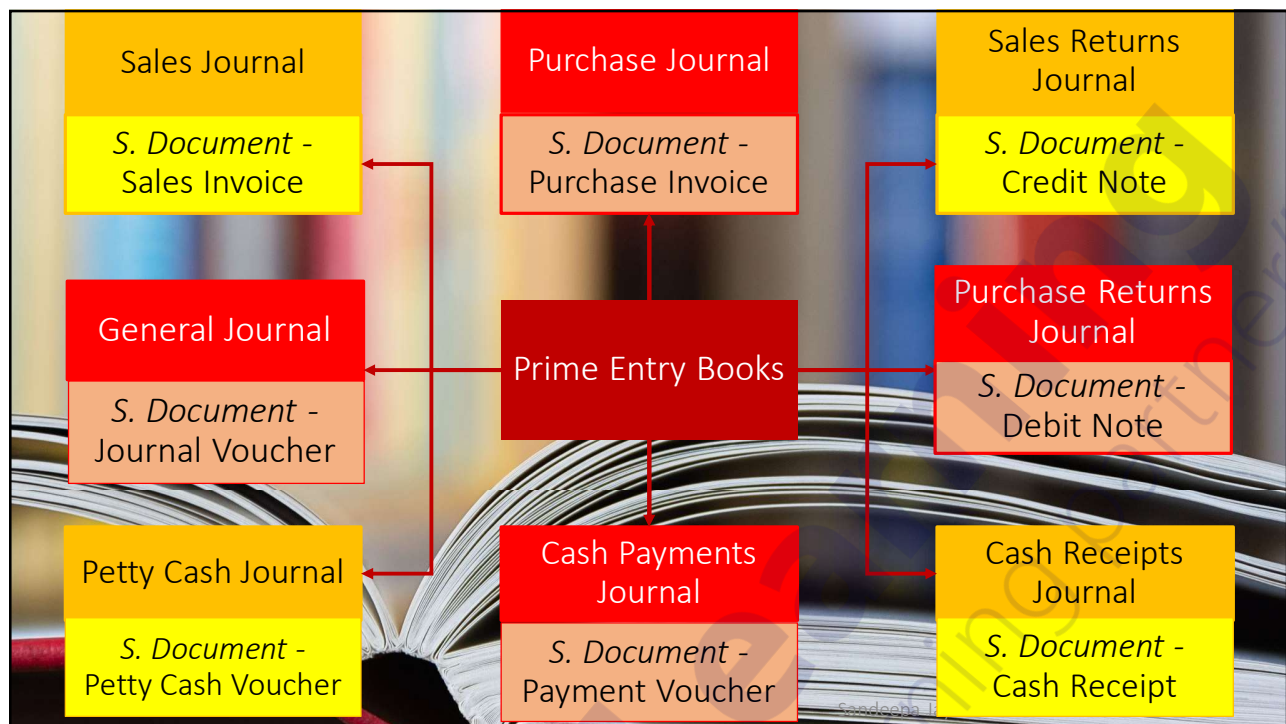
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What is a Prime
Entry Book?

Prime entry books are used to record the transactions and events that are captured using source document, in a chronological order (Days order).

The totals of the prime entry books are posted to General ledger passing a double entry.

JMC Jayasekera Management Centre (Pvt) Ltd

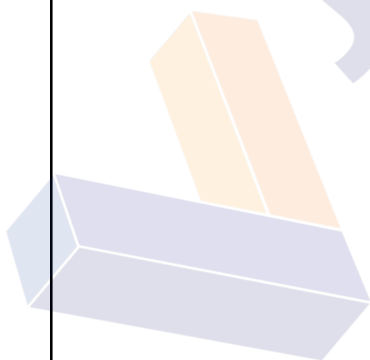


Txn	Source Doc.	Prime Entry Book	Double Entry	
Cash Receipts	Receipt	Cash Receipt Journal	Dr. Cash	Cr. Sales Cr. Tr. Receivables Cr. Other Income
Cash Payments	Payment Voucher	Cash Payment Journal	Dr. Purchases Dr. Tr. Payables Dr. Expenses	Cr. Cash
Petty Cash Expenses	Petty Cash Payment Voucher	Petty Cash Journal	Dr. Transport Dr. Stationary Dr. Welfare	Cr. Petty Cash
Credit Sales	Sales Invoice	Sales Journal	Dr. Tr. Receivables	Cr. Sales

Txn	Source Doc.	Prime Entry Book	Double Entry	
Credit Purchases	Purchase Invoice	Purchase Journal	Dr. Purchase	Cr. Tr. Payables
Sales Return	Credit Note	Sales Return Journal	Dr. Sales Return	Cr. Tr. Receivables
Purchase Return	Debit Note	Purchase Return Journal	Dr. Tr. Payables	Cr. Purchase Return
Other TXNs	Journal Voucher	General Journal	Various transactions	

Q22

1.20 Identify two (02) importance/objectives to maintain prime entry books



Q23

State the three transactions that are recorded in the General Journal

(1) :.....

(2) :.....

(3) :.....

Q24

State the source document applicable to the following prime entry books.

Prime entry book

Source document

A. Sales Journal :.....

B. General Journal :.....

C. Cash Payments Journal :.....

D. Purchase Returns Journal :.....

Q25

State the prime entry books used to record the following transactions.

Transactions	Prime Entry Book
A. Sale of goods on credit basis	
B. Receipt of a cheque from a debtor	
C. Dishonour of a cheque received from a debtor	
D. Writing off a debtor's balance as a bad debt	

Q26

The order of use prime entry books to record the following transactions of a shoe manufacturing business is:

- Purchase of a lorry on credit.
 - Purchase of leather on credit.
 - Provision of income tax for the year.
 - Return to the supplier, part of the leather purchased.
- General Journal, Purchase Journal, General Journal, Purchase Journal.
 - General Journal, Purchase Journal, General Journal, Purchase Returns Journal
 - General Journal, Purchase Journal, Cash Book, Purchase Returns Journal.
 - Purchase Journal, Purchase Journal, General Journal, Purchase Journal
 - Purchase Journal, Purchase Journal, General Journal, Purchase Returns Journal.

Q27

The following transactions took place in Gemunu PLC during the month of March, 20X8. The accounting year of the company ends on 31st March.

- (1) Received cash Rs. 500,000 by issuing ordinary shares.
- (2) Purchased goods for Rs. 1,000,000 on credit.
- (3) Revalued the land for the first time, which resulted in a deficit of Rs. 300,000.
- (4) Incurred adverting expenses of Rs. 60,000, and it is payable in May 20X8.

The prime entry-book in which each of the above transactions are recorded.

Transaction	Prime Entry Book
1.	
2.	
3.	
4.	

Q28

Kumara sold goods with a list price of Rs. 100,000 on credit to Amal on 10.03.2017 after allowing a 10% trade discount. The cost of these goods was Rs. 60,000. Goods with a sales value of Rs. 30,000 (cost Rs. 20,000) was returned by Amal on 15.03.2017. Amal settled the balance due on 31.03.2017 after receiving a 5% cash discount.

The sequence of prime entry books used to record these transactions in Amal's business:

- (1) Purchase Journal, Purchase Return Journal, Cash Payments Journal
- (2) Purchase Journal, General Journal, Cash Payments Journal
- (3) Purchase Journal, Purchase Journal, Cash Payments Journal
- (4) Purchase Journal, Purchase Return Journal, General Journal
- (5) Purchase Journal, General Journal, General Journal

Q29

The following four transactions have taken place in a furniture manufacturing business during the month ending 31.03.20X4.

A - Purchased timber on credit for Rs. 2500 000 from Kasun.

B - Purchased a timber processing machine on credit for Rs. 6000 000 from Pubudu.

C - Sold furniture with a list price of Rs.5.200 000 for cash subject to a trade discount of Rs. 200 000.

D - Settled amount due to Kasun subject to a cash discount of Rs. 100 000.

(33) State the prime entry book used to record each of the above transactions.

Transaction	Prime Entry Book	Transaction	Prime Entry Book
A		B	
C		D	

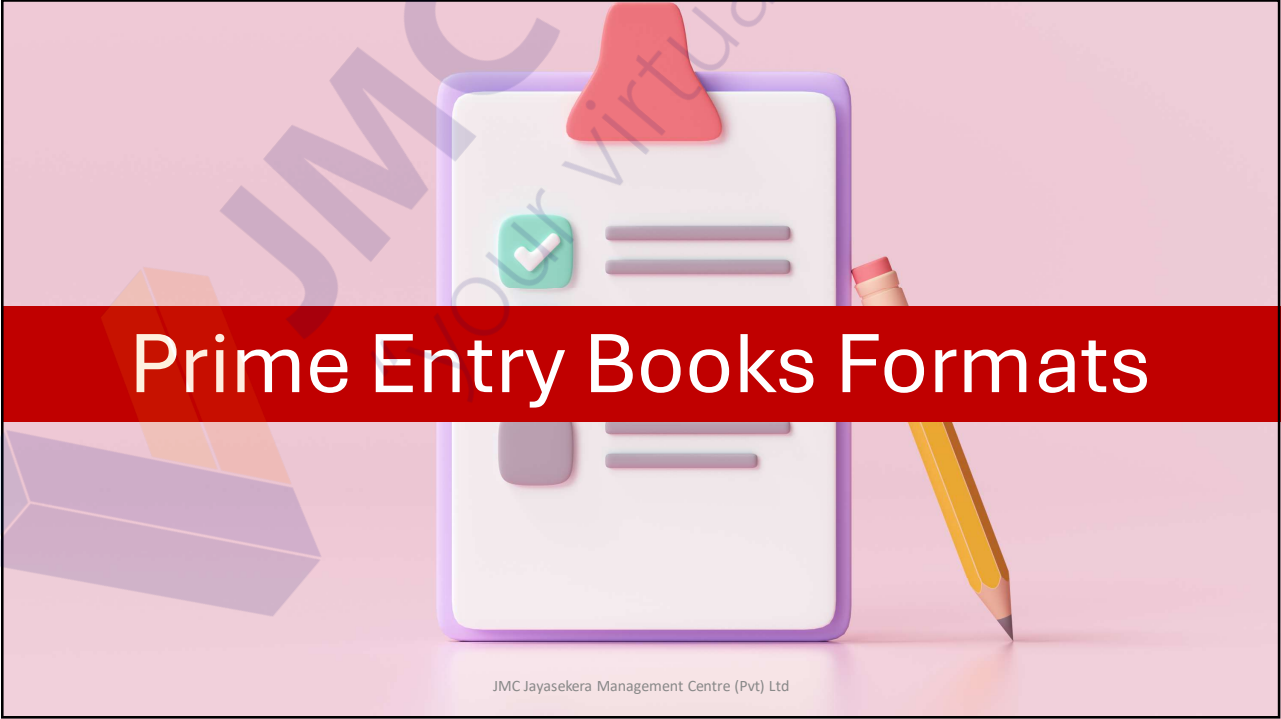
Q30

Mihiri commenced a trading business on 01.01.20X3 by investing Rs. 500,000 in cash and furniture worth of Rs. 400,000. The following transaction took place during the month of January 20X3

TXN No.	Date	Transaction
1	05/01	Purchased goods costing Rs. 400,000 on credit from Deshan.
2	08/01	Returned Rs. 30,000 goods purchased from Deshan Traders.
3	15/01	Sold goods costing Rs. 250,000 for Rs. 300,000 on cash
4	22/01	Sold goods costing Rs. 100,000 for Rs. 128,000 on credit
5	25/01	Issued a cheque to settle the amount payable to Deshan Traders.

What are the prime entry books used to record the Initial Investment of Mihiri, and the transactions no. 3 and 5 in the order of their occurrence?

- (1) Cash Receipts Journal, General Journal, Sales Journal, Cash Payments Journal
- (2) Cash Receipts Journal, General Journal, Sales Journal, Cash Receipts Journal
- (3) General Journal, Cash Receipts Journal, Sales Journal, Cash Payments Journal
- (4) Cash Receipts Journal, General Journal, Cash Receipts Journal, Cash Payments Journal
- (5) General Journal, General Journal, Cash Receipts Journal, Cash Receipts Journal



Prime Entry Books Formats

JMC Jayasekera Management Centre (Pvt) Ltd

Sales Journal				Purchase Journal								
Date	Inv. No.	Description	Amount	Date	Inv. No.	Description	Amount					
Sales Return Journal				Purchase Return Journal								
Date	Cr. No.	Description	Amount	Date	Dr. No.	Description	Amount					
Cash Receipt Journal												
Date	Rcpt No.	Description	Disc. Allowed	Amount	Analytical Columns							
					Sales	Debtors	Other Income	Other				
Cash Payment Journal												
Date	PV No.	Description	Disc. Received	Amount	Analytical Columns							
					Purchase	Creditors	Expenses	Other				
Petty Cash Journal					General Journal							
Date	PCV. No.	Description	Amount	Analytical Columns				Date	JV. No.	Description	Dr.	Cr.
				Transp.	Welf.	Post	Station.					

Cash Receipts Journal

Cash Receipts Journal

Date	Receipt No.	Description	Discount Allowed	Total Rs.	Receipt Analysis		
					Sales	Tr. Rec.	Others
X0/3/01	125	Tr. Receivables - Bhanuka	500	9,500		9,500	
X0/3/03	126	Sales		25,000	25,000		
X0/3/05	127	Tr. Receivables - Henuka	1,000	10,000		10,000	
X0/3/10	128	Loan : BOC		50,000			50,000
			1,500	94,500	25,000	19,500	50,000

Cash Payments Journal

Cash Payments Journal

Date	PV. No.	Description	Discount Received	Total Rs.	Payment Analysis		
					Purch.	Tr. Pay.	Exp.
X0/3/01	25	Tr. Payables – Devon	200	9,800		9,800	
X0/3/03	26	Purchases		10,000	10,000		
X0/3/05	27	Tr. Payables – Samson	1,000	9,000		9,000	
X0/3/10	28	Electricity		5,000			5,000
			1,200	33,800	10,000	18,800	5,000

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Cash Control Account

- Cash Control Account is the Ledger account that reports
 - Cash Receipts
 - Cash Payments
 - Cash Balance
- Total of Cash Receipts Journal will be Debited to Cash Control Account
- Total of Cash Payments Journal will be Credited to Cash Control Account



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Cash Control Account

Cash Control Account					
Cash Receipt Journal Totals	Balance B/F	50,000	Purchases	10,000	Cash Payment Journal Totals
	Cash Sales	25,000	Creditors Control	18,800	
	Debtors Control	19,500	Electricity	5,000	
	Loan	50,000	Balance C/D	110,700	
		<u>144,500</u>		<u>144,500</u>	
	Balance B/F	110,700			

Cash Payment
Journal Totals

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Double Entries of Cash Control Account

Totals of Cash Receipts Journal

Cash Control Account Debit

Relevant Account Credit
(Revenue/Debtors Control)

Relevant Account Debit
(Purchases/Creditors Control)

Cash Control Account Credit

Totals of Cash Payments Journal

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Q31

Thilina has deposited Rs 800,000 in the business bank account to commenced the business. The following transactions are occurred during the month of April. Record the below transaction in cash receipts and payment journal and post them to the ledger accounts

Date	Description	Rec. No.	Vou. No.	Rs.
20X7.04.01	Cash purchases		1	120,000
20X7.04.02	Purchase of furniture & fittings		2	80,000
20X7.04.02	Cash sales	2		200,000
20X7.04.03	Purchases from Athula			100,000
20X7.04.04	Sales on credit to Venura			150,000
20X7.04.05	Payment to Petty Cashier		3	10,000
20X7.04.06	Paid transport for goods inwards		4	5,000
20X7.04.07	Credit purchases from Thushan			80,000

Date	Description	Rec. No.	Vou. No.	Rs.
20X7.04.08	Credit sales to Chatura			90,000
20X7.04.08	Loan from People's Bank	3		300,000
	Paid Athula. Discount received			
20X7.04.09	Rs.5,000		5	95,000
	Received payment from Venura.			
20X7.04.10	Discount allowed 10%			135,000
20X7.04.12	Cash sales	5		250,000
20X7.04.14	Paid Building rent		6	20,000
20X7.04.15	Cash purchases		7	110,000
20X7.04.18	Paid Thushan - Discount - received 10%		8	72,000
	Receipts from Chathura - Discount			
20X7.04.22	allowed 10%	6		81,000
20X7.04.25	Paid wages		9	10,000
20X7.04.26	Drawings by Thilina		10	10,000
20X7.04.28	Commission received	7		8,000

Q32

Following balances were extracted from Sasindu's business as at 1/8/X9.

Rs. 000'

Cash	300
Debtors	100
Creditors	200

Transactions in month of August.

1/8 cash purchases Rs. 150,000

3/8 cash sales Rs. 200,000

5/8 Debtor Sithum with a balance of Rs. 60,000 was settled after a discount of 10%

8/8 Creditor Pavan's balance was settled after receiving a discount of Rs. 10,000

10/8 Rent income received Rs. 20,000

12/8 Received bank loan Rs. 100,000

15/8 Cash sales Rs. 300,000 and Cash purchases Rs. 210,000

22/8 Received money from Debtor Randika having a balance of Rs. 40,000. Discount given is 10%

25/8 Cash drawings Rs. 20,000 and goods drawings Rs. 40,000

26/8 Creditor Kasun's balance of Rs. 50,000 was settled by paying Rs. 45,000

29/8 Advertising expense Rs. 25,000 and Rates paid Rs. 5,000

30/8 Sasindu introduced additional capital of Rs. 100,000 in cash and Rs. 1Mn worth of motor vehicle.

Required.

Prepare the Cash Receipts Journal and Cash Payments Journal and post them to ledger.

Petty Cash Journal

Petty Cash Imprest/Float

- Every business is incurring repetitive small-scale expenses which needs to be settled in cash
- An amount of such expense for a period is decided by the management.
- This amount is called petty cash float.



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Examples of Petty Cash Expenses



Travelling



Welfare



Postage



Cleaning

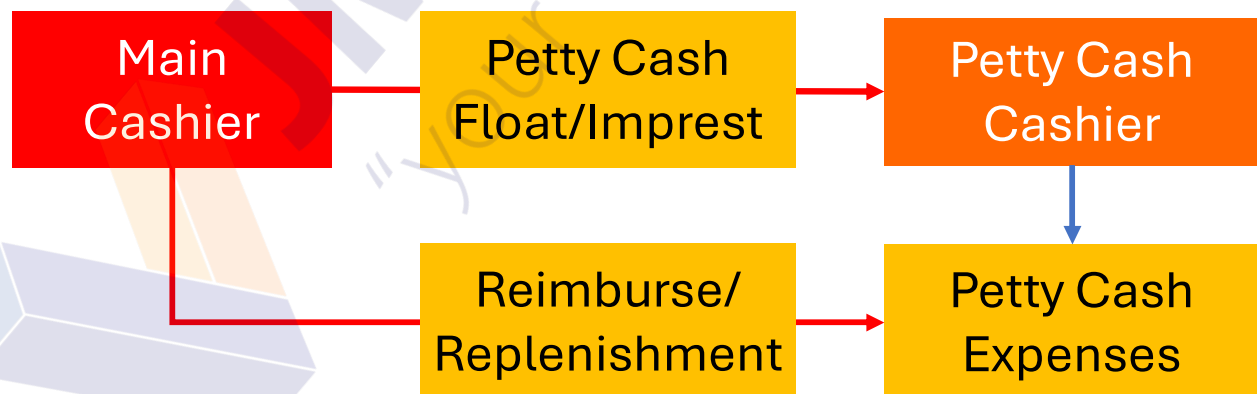
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Petty Cash Journal



Petty Cash Management using Imprest Method



Petty Cash Journal

- The main cashier transfer the petty cash float (imprest) amount to the petty cashier to manage the petty cash expenses.
- Petty cashier records the petty cash float receipt and petty cash expenses in the petty cash journal.
- Towards the end of the period, the petty cash expenses incurred will be reimbursed/replenished by the main cashier.
- At a given time Petty cash expenses + Cash in Hand shall be equivalent to Petty Cash Float

Petty Cash Journal Format

Date	Description	PC. V. No.	Amount Rs.	Analytical Columns				
				Stationary	Welfare Rs.	Travel. Rs.	Other Rs.	Ledger Ref.
1/1/X1	Bus Fare	125	50			50		GL05
2/1/X1	Three Wheel	126	300			300		GL05
3/1/X1	Milk Powder	127	1,000		1,000			GL06
4/1/X1	A4 Pack	128	1,500	1,500				GL07
5/1/X1	Labour Fee	129	500				500	GL08
			3,350	1,500	1,000	350	500	

Q33

ABC Business keeps a fixed imprest of Rs.1,000 per month in their petty cash payment journal. Given below is the total of petty cash expenses during the last 03 months of 20X1.

Find the reimbursement for each month.

Month	October	November	December
Expenses	800	750	500
Remaining value	200	250	500

Q34

ABC business petty cash payments for the month of august was Rs. 2,500. The petty cash imprest is Rs. 6,000. It was decided to increased the imprest balance up to Rs. 7,000 during the month of September. calculate the reimbursement for the month of September.

August	
Expense	2,500
Remaining	3,500

Q35

The petty cash imprest of Raj Ltd. is Rs. 40,000 for a month. Prepare the petty cash journal and petty cash account.

01 July 20X1	Received the imprest
02 July 20X1	Stationary Rs. 5,000
03 July 20X1	Sugar and tea Rs. 3,500
05 July 20X1	Bus fare Rs. 500
11 July 20X1	Stamps Rs. 400
15 July 20X1	A4 bundle Rs. 3,000
16 July 20X1	Cleaning charges Rs. 7,500
20 July 20X1	Taxi charges Rs. 3,600
24 July 20X1	Postage Rs. 800
28 July 20X1	Parcel charges Rs. 4,500
30 July 20X1	Refreshment Rs. 6,000
31 July 20X1	Reimbursement of the imprest

Q36

The petty cash imprest of Ravan Ltd. is Rs. 15,000 for a month. Prepare the petty cash journal and petty cash account.

01 July 20X4	Received the imprest
02 July 20X4	Stationary Rs. 500
03 July 20X4	Sugar and tea Rs. 2,350
05 July 20X4	Bus fare Rs. 900
11 July 20X4	Stamps Rs. 300
15 July 20X4	Printing charges Rs. 700
20 July 20X4	Taxi charges Rs. 800
24 July 20X4	Postage Rs. 2,500
28 July 20X4	Cleaning expenses Rs. 2,200
29 July 20X4	Paid to a laborer Rs. 2,000
31 July 20X4	Reimbursement of the imprest by increasing another Rs. 5,000

Purchases Journal			
Date	Invoice No.	Supplier	Value
20X0/3/04	123	Maxix	200,000
20X0/3/05	798	Bairaha	250,000
			450,000
Purchase Return Journal			
Date	Debit Note No.	Supplier	Value
20X0/3/05	124	Maxix	20,000
20X0/3/03	125	Bairaha	30,000
			50,000
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Sales Journal			
Date	Invoice No.	Customer	Value
20X0/3/05	557	Azeem Traders	200,000
20X0/3/06	558	Rohima Traders	100,000
			300,000
Sales Return Journal			
Date	Credit Note No.	Customer	Value
20X0/3/06	542	Azeem Traders	50,000
20X0/3/07	856	Rohima Traders	60,000
			110,000
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Q37

Following details are relevant for the Ayami Ltd.

1/2 Purchased goods on credit (Inv No. 234) from Kumara Rs. 20,000. Trade discount 5%.

1/10 Purchase returned (Debit Note No. 114) to Kumara Rs. 5,000 (After discount value)

1/12 Sold goods (Invoice No. 566) to Vimal on credit for Rs. 50,000. Trade discount 10%.

1/20 Sales return (Credit Note No. 588) by Vimal Rs. 10,000 (Before discount value)

Required

Record the transactions to relevant prime entry books and prepare the ledger accounts.

Q38

Following details applicable to Saranga PLC for the month of April 20X6. Prepare the relevant journals.

1/4 Credit purchases from Zoy Ltd. of Rs. 200,000 (Inv 345)

2/4 Credit sales to Shan Traders of Rs. 400,000 (Inv 891)

4/4 Credit purchases from Poli Ltd. of Rs. 300,000 subject to a trade discount of 10% (Inv 567)

5/4 Credit sales to Gadif Traders of Rs. 250,000 subject to a trade discount of 10% (Inv 892)

10/4 Rs. 50,000 worth of items were returned back to Zoy Ltd. due to a quality failure. (Debit Note No. 34)

12/4 Shan Traders has returned Rs. 80,000 worth of items stating an issue in sizes (Credit Note No. 76)

15/4 Rs. 30,000 worth of items (at marked price) were returned back to Poli Ltd. due to a disagreement on terms (Debit Note No. 35)

20/4 Gadif Traders has returned Rs. 25,000 worth of items (at marked price) back to the business (Credit Note No. 77)

General Journal



- All the other transactions which were not recognized by any other Prime Entry Book is recognized in the General Journal.
- The relevant source document is Journal Voucher.
- Process of recording a transaction in general journal is called journalizing.

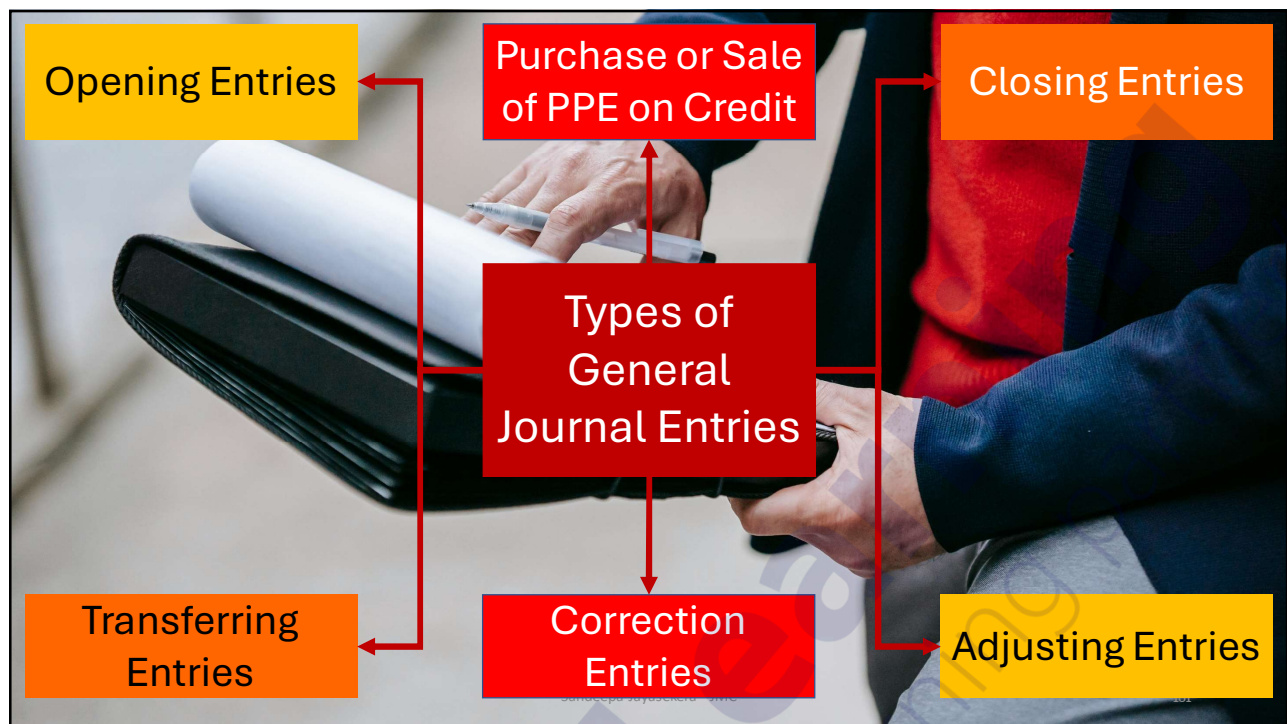
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Format of General Journal

Date	JV. No.	Narrative	Debit Rs.	Credit Rs.
		Account to be debited	XXX	
		Account to be credited		XXX
		(Narrative explanation)		

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Q39

Which one of the following is recorded in the General Journal?

- (1) Purchase of a motor vehicle for office use on credit.
- (2) Return of goods purchased on credit to the creditor.
- (3) Cash purchase of a computer for office use.
- (4) Sale of goods on credit.

<h3>Opening Entries</h3> <p>Opening journal entries mean the journal entries relating to the recording of opening balances of assets, liabilities and equity accounts at the beginning of a financial year. Basic accounting equation is applied.</p>	<h3>Transfer Entries</h3> <p>The income and expense accounts are nominal accounts created for a financial year. Towards the end of the financial year the income and expense accounts are transferred to profit or loss using transfer entries</p>
<h3>Closing Entries</h3> <p>Towards the end of the year the assets, liabilities and equity account balances are carried forward to the next financial year. For this the closing entries are used.</p>	<h3>Adjustment Entries</h3> <p>At the end of financial year various adjustments such as accruals, depreciation, impairment etc. will be made for the financial statements. These are called adjustment entries.</p>

Q40

Record the following opening balances in the general journal and post to the relevant ledger accounts.

Description	Rs.
Motor vehicle	1,000,000
Stock	200,000
Machines	1,500,000
Bank loan	350,000
Debtors	320,000
Creditors	640,000
Cash	500,000
Accrued expenses	30,000
Prepaid expenses	20,000

Q41

Samaraweera Traders is a sole proprietorship and the following transactions have been extracted from the books of accounts of the business for the month ended 31st March 20X9:

- (1) Samaraweera, transferred his personal motor vehicle of Rs.750,000/- to the business on 01st March 20X9.
- (2) A machinery was purchased for Rs.250,000/- from XY Ltd. on 15th March 20X9 on credit basis.
- (3) An electricity bill of Rs.25,000/- was debited to telephone expenses while other entry was correctly recorded.

You are required to: Prepare the General Journal to record the above transactions.

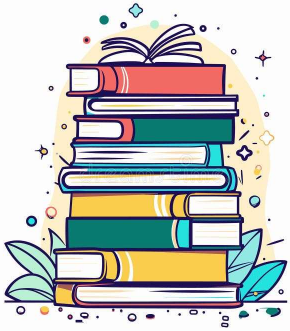
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General Ledger

JMC Jayasekera Management Centre (Pvt) Ltd

Prime Entry Books to Ledger



Prime Entry Book

Classified



Ledger

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Ledger Account

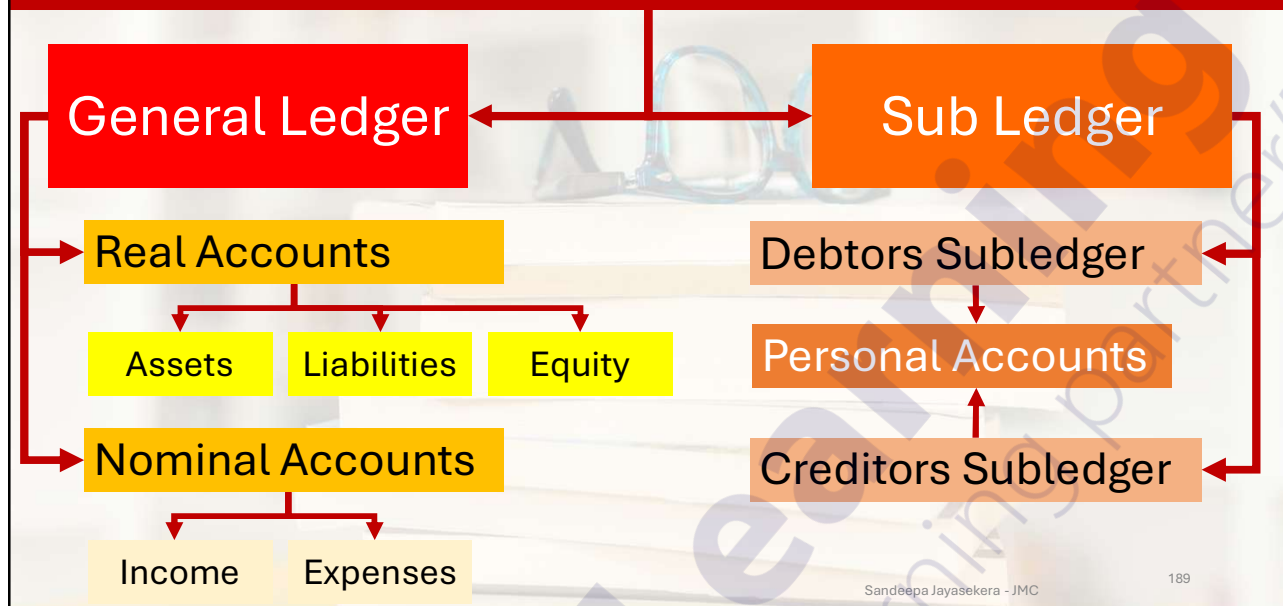
Ledger is a collection of accounts kept either physically or electronically. The transactions are recorded in the ledger to reflect the dual impact. Information gathered from Prime Entry Books is posted to the general ledger as a debit and a credit entry.

Debit Side

Credit Side

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Classification of Ledger



Q1

Under the traditional classification of accounts, ledger accounts can be categorized as “Real Accounts, Personal Accounts, and Nominal Accounts”. Which one of the following is an example for a real account?

- (1) Sales account.
- (2) Salaries and wages account.
- (3) Building maintenance account.
- (4) Machinery account.

Q2

Which one of the following is an example for a real account under the traditional classification of accounts?

- (1) Electricity Account
- (2) Sales Account
- (3) Loan Interest Account
- (4) Machinery Account

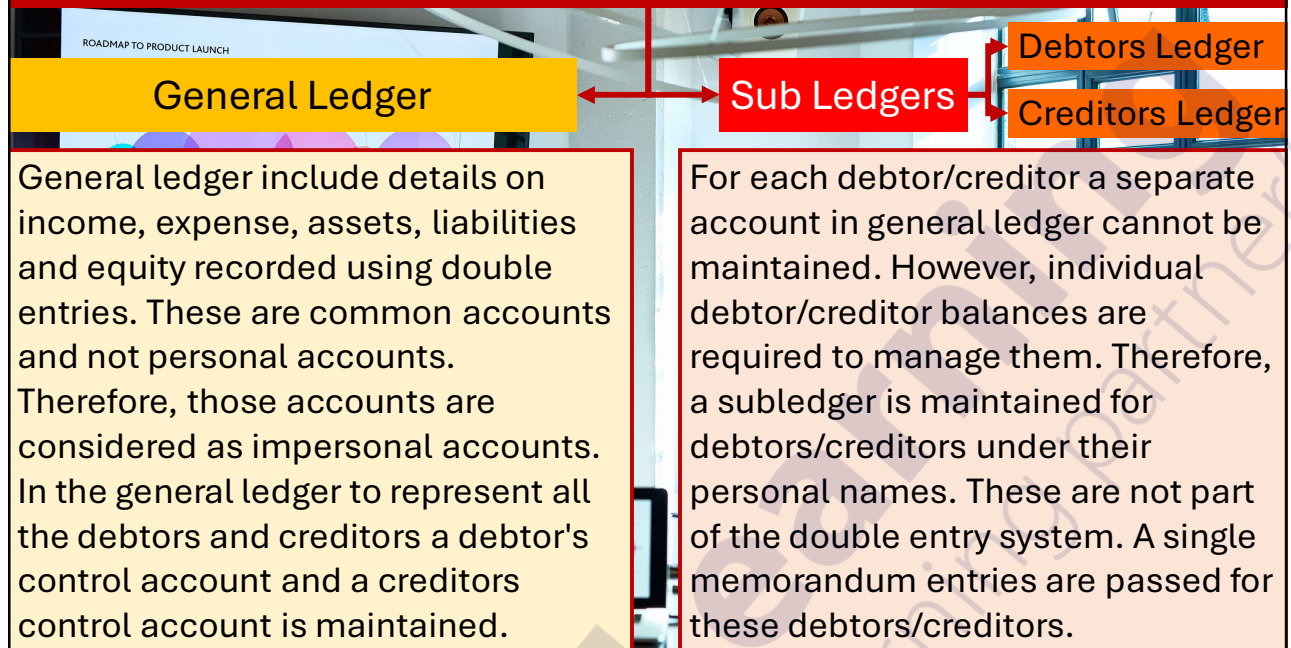
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Control Accounts and Subledger

JMC Jayasekera Management Centre (Pvt) Ltd

Ledgers



Sales Journal

Date	Inv	Customer	Rs.
X0/3/04	556	Rusiru Traders	400,000
X0/3/05	557	Russel Traders	200,000
			600,000

Rs.400,000 will be Debited to Debtor Rusiru Traders and Rs.200,000 will be Debited to Debtor Russel Traders in Debtors Sub Ledger as a Single Entry.

Prime Entry Book Totals are Recorded in the Control Accounts in General Ledger

The total Rs.600,000 will be Debited to Debtors Control Account Credited to Sales Account

Each Separate Entry in the Prime Entry Books and Recorded in the relevant Debtor/Creditor Account in Subledger

Control Accounts and Subledger

A Control Account is a general ledger account which represents all personal ledger balances. If separate ledger accounts are maintained for each debtor and creditor, the general ledger will be complicated and difficult to manage. Therefore, the debtor and creditor personal ledgers separately kept in the subledger by passing memorandum entries. To represent all these debtor accounts a separate Debtor Control account and to represent all these creditors a separate Creditors Control account is maintained at the General Ledger inline with double entry method. The figures in a control account are taken from the totals of the Prime Entry Books and each line item relevant to debtor and creditor are used to record the memorandum entries in subledger. Simply, the debtor and creditor relevant totals are recorded in control accounts in general ledger and individual items are recorded in subledger. Therefore, at any given time control account balance shall be tallied with total of the subledger balances list.

Control Account and Subledger Example

Following credit sales occurred in Sumana Ltd.

Rs.50 to Dayawathi

Rs.40 to Kanthi

Rs.25 to Siriyawathi

Following amounts were received from the debtors.

Rs.30 from Dayawathi

Rs.20 from Kanthi

Rs.20 from Siriyawathi

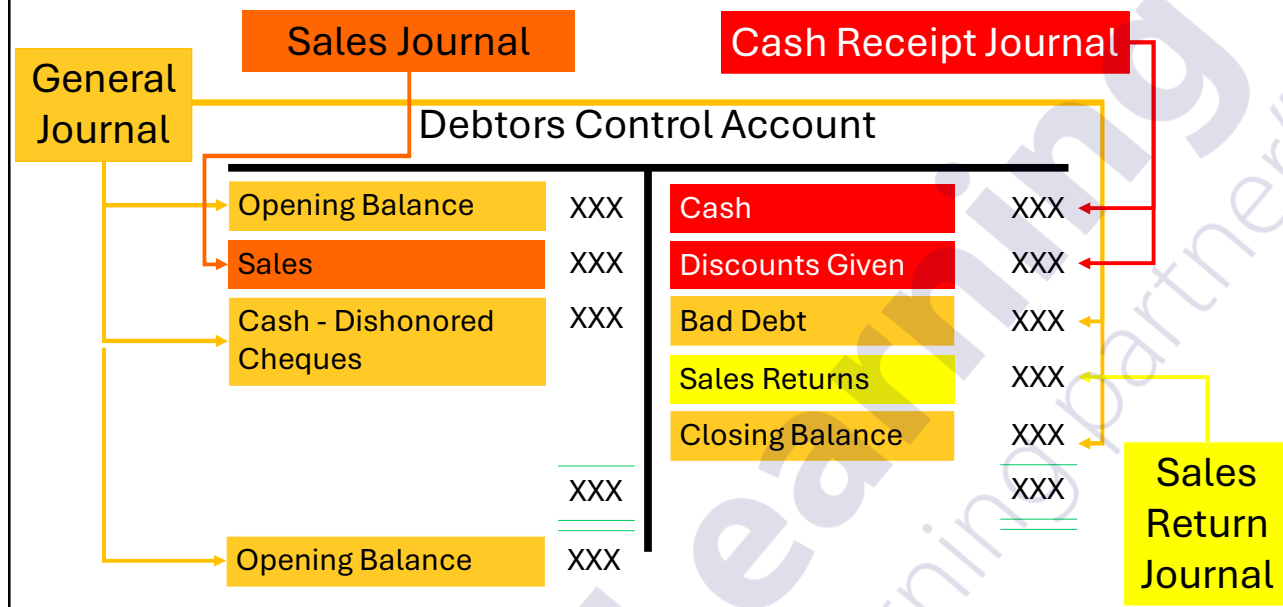
General Ledger

Debtors Control				Revenue			
Sales	115	Cash	70	PnL	115	Debtor. Ctrl	115
		Bal C/D	45		<u>115</u>		<u>115</u>
	<u>115</u>		<u>115</u>				
Bal. B/F	45						
Cash							
Debtor. Ctrl	70	Bal C/D	70				
	<u>70</u>		<u>70</u>				
Bal. B/F	70						

Subledger – Debtor Ledger

Dayawathi				Siriyawathi			
Sales	50	Cash	30	Sales	25	Cash	20
		Bal. C/D	20			Bal. C/D	5
	<u>50</u>		<u>50</u>		<u>25</u>		<u>25</u>
Bal B/F	20			Bal B/F	5		
Kanthi							
Sales	40	Cash	20				
		Bal. C/D	20				
	<u>40</u>		<u>40</u>				
Bal B/F	20						
				Dayawathi			20
				Kanthi			20
				Siriyawathi			5
				Total of Receivables Ledger			45
				Receivables Control – General Ledger			45
At any given time, the total of Receivable Ledgers shall be equivalent to balance of Receivables Control Account							

Preparing the Debtors Control Account



Q3

The following information was extracted from the books of XYZ Traders for the month of January 20X1

Trade Debtors' control account balance as at 01 st January 20X1	400,000
Credit sales	600,000
Cash received from debtors during the month of January 20X1	450,000
Cash discounts allowed	50,000
Bad debts written off	40,000
Return inwards journal total for the month of January 20X1	25,000

Identify the Trade Receivables (Debtors) Control Account balance as at 31st January 20X1.

Q4

The following information was extracted from the books of ABC Traders with reference to trade debtors for the month of January 20X1:

Trade Debtors' control account balance as at 01 st January 20X1	200,000
Trade Debtors' control account balance as at 31 st January 20X1	225,000
Cash received from debtors during the month of January 20X1	350,000
Return inwards journal total for the month of January 20X1	25,000

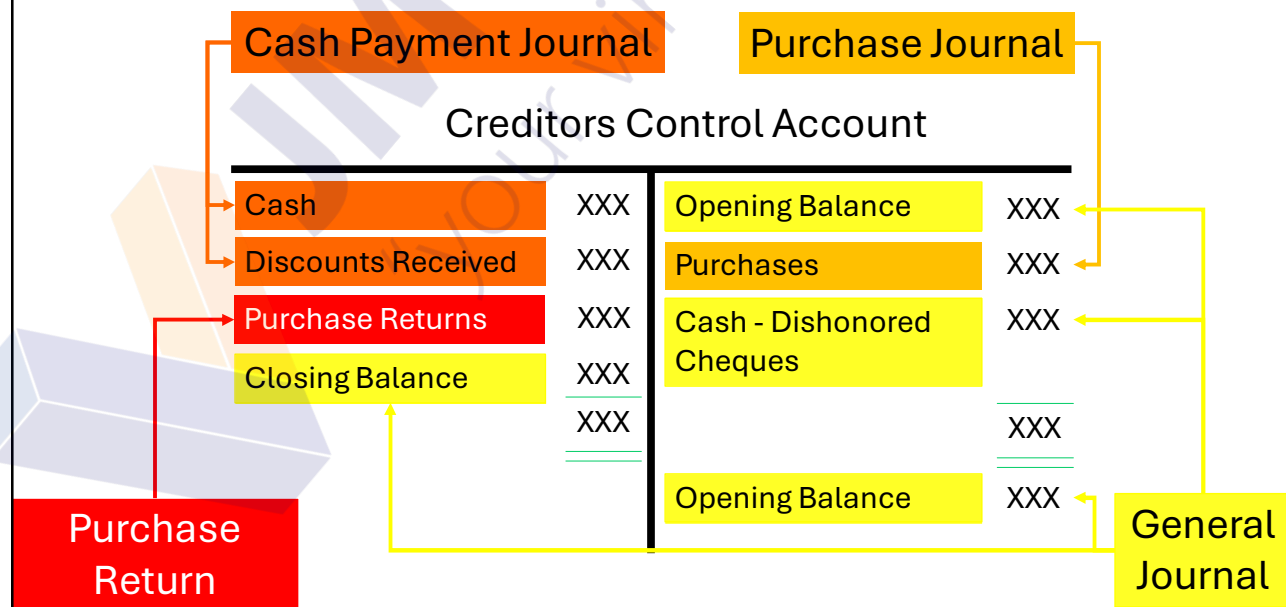
Based on the above information, total sales during the month of January 20X1 were:

Rs.400,000/-. (2) Rs.375,000/-. (3) Rs.350,000/-. (4) Rs.450,000/-.

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Preparing the Creditors Control Account



Q5

The following information is extracted from the books of accounts of Chathura Traders for the month of March:

	Rs.
Creditors' Control Account balance as at 01 st March	875,000
Purchases Journal total for the month of March	2,350,000
Sales Journal total for the month of March	3,450,000
Return Outwards Journal total for the month of March	575,000
Payments to creditors during the month of March	1,450,000

Considering the above information,

Calculate the Creditors' Control Account balance as at 31st March?

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Q6

The following information was extracted from the books of Ameen Traders for the month of March 20X1:

Trade payables (creditors) control account balance as at 01 st March 20X1	475,000
Trade payables (creditors) control account balance as at 31 st March 20X1	375,000
Return outwards journal total for the month	125,000
Payments made to trade creditors during the month	600,000

Identify the credit purchases during the month of March 20X1

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Q7

You are given the following information of debtors of Araliya's business for October 20X6

Debtor	Opening Bal.	Credit sales	Returns	Cash Receipts	Discounts
Rose	15,000	53,000	5,000	25,000	-
Lotus	44,000	78,000	3,000	66,000	2,000
Lilly	82,000	4,500	36,000	1,750	-
Tulip	4,500	45,000	-	29,500	500

You are required to prepare, the debtors' control account and individual debtors ledger accounts as at 31st October 20X6.

Debtor Creditor Net Off – Contra Entry

- There can be situations where a business may have the same entity as their debtor and the creditor as well.
- In such a situation, after receiving the consent the mutual debtor creditor balances can be netted off by passing a contra entry.



Creditors Control Debit
Debtors Control Credit